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# AMERICAN MANAGEMENT REVIEW

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# AMERICAN MANAGEMENT REVIEW

*May, 1925*

## THE MEMBERS' FORUM

### A Co-operative Laboratory in Management

Human nature is a subject that has been with us, if I remember the books rightly, a long while, but human nature in industry has never been studied intensively until recently. This study got a black eye right at the start. Why? Because when people had begun to realize that in some way we were wrong in our human relations in industry, up bobbed A, B and C, self-proclaimed prophets, and shouted—"I've got it! I've got the whole answer! I have a patent plan. Adopt this plan, do as I tell you and you won't have to think of it again." Too many people fell for that sort of talk and went up some of the many blind alleys that industry was offered. That time has largely gone by now. The American Management Association is going at it on the theory, as I understand it, that nobody has the answer, that there isn't any answer in any industry for all other industries, that there isn't any answer in any one company for other companies in the same business. Necessarily we are not dealing with an exact science—we are dealing with the most elusive and the most difficult subject matter, to really know definitely, that there is.

The American Management Association is recognizing that it is fundamentally important to get the human relations problem worked out rightly so that in an organization made up of human beings we may get in some best way for each company, the best team work, the maximum co-operation and all the man and woman power there is in that particular organization. How are you going to do it? As I see it, the American Management Association assumes that a great many industries of different kinds are putting some of the best brains there are on this particular subject and that experimentation is going on—everybody trying to find the answer—but the technique may be different, the detail may be different and the form different according to the industry, according to the department, according to the locality. Yet if there

are some fundamental principles that can be found upon which we can build up the technique and work out the plans and adapt them to a specific industry or a particular line of business, progress will be facilitated. The American Management Association is organized to provide an opportunity for the comparison of the results of all these laboratories, for the discussion of actual experience, and it will try to pull out from the combined experience of the group comprising the Association something that will help us all in looking at the problem wisely and fundamentally. Then we won't need to repeat the mistakes of the past, and whatever our detail is we will endeavor to be right in principle and sound in our real objectives.

Let us keep in mind all the time exactly what the American Management Association is endeavoring to do. Let no one assume when a paper or an article is sent out by the Association that the officers of the Association consider it the last word, but rather that it is the experience or view of some individual who has been experimenting. If it is of value to anyone else in the group—fine! But let no one feel that what the American Management Association or anybody in it has to say on this particular subject is assumed to be the last word, because we don't want to close the door or to stop experimentation. Let us continue to pool our experiences and common knowledge through the clearing house of the American Management Association. Then we can continue to make this association one of the biggest and most effective organizations in the country, and one of the most valuable instrumentalities in the solution of problems that certainly will loom very large before industry during the coming generation.

E. K. HALL, *Vice-President,*  
*American Telephone and Telegraph Company.*

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## The Elements of Economics: Why, When, Where and How Teach

The very word "economics" usually suggests to those individuals to whom such a subject may have been required, or possibly elected, in some classic hall, dry-as-dust lectures dealing with the abstract and concerned with theories too profound for ordinary mortals to comprehend. It was a subject fit only for the elect and as such never was considered within the ken of the childish minds of high school students.

Within recent years, a small group of adventurers in education who were attempting to develop a new apprenticeship with the motto of earn and learn, decided that the youth in training for skilled craftsmen needed some training in the fundamentals of economics if their vision was to be broadened and their perspective correct so that they might eventually be able to have



a share in the work of running modern business and know something of scientific management, wage-systems, stock ownership, and company representation plans and many other subjects that were receiving serious consideration, and they should also be able properly to have a voice in the affairs of the community in which they live. With this thought in mind, the committee on apprenticeship of one of the predecessors of the American Management Association suggested that the fundamentals of economics in a simple and concrete form should be and could be taught to apprentices and the committee also suggested that lessons be prepared to provide material for such instruction. Several illustrative lessons were prepared and appended to the report. The reasons given for such studies were that the boys in training should be given instruction that would protect them from every passing "ism" or frenzied financier, as they would have a basis for thinking a subject through with a knowledge of well-established fundamental economic principles.

### Progress in the Instruction of Economics

The movement for such instruction has gone forward until the American Management Association now has a separate committee actively at work. The schools have caught the inspiration and are beginning to offer courses in the subject. The subject matter is as yet not entirely in the best form for instructional purposes, but the call has gone forth and manuals are appearing intended for both Junior and Senior high schools.

There is an excellent opportunity for a selected group of industrial leaders to prepare material which, in collaboration with a group of leaders in the departments of economics in leading institutions, could be organized into teachable material suited for the youth of our land. Such a method would produce sound practical economics written down to at least the high school level.

The place to teach the subject is in the schools and it should be a required subject for all students, along with civics. The founders of this nation in their wisdom established schools supported at public expense, on the theory that only by training in certain fundamental principles could a republic be perpetuated and that only trained men could properly carry on the form of government that they had endured hardship and privation to establish. The public schools then established and the town meeting gave excellent training in certain fundamental economic laws.

Are we not getting a long way from the ideals of our founders and is it wise, if we expect to carry on the institutions they founded?

There are certain pretty well-established economic laws that can and should be taught in the public schools. The way has been pointed out by certain industries, but the job should be done in the schools for the general training values that it offers to all the students who are to be a part of the body politic.

Mooted questions offer excellent material for debate under the guidance of teachers who are broad enough not to allow their personal views to sway the minds of the impressionable students under their instruction.

Among subjects that may well be considered are the Origin of Capital; The Capitalist; The Laws of Supply and Demand; Wages; Rent; Taxes; Production; Transportation.

### To Summarize

*Why teach:* To properly train the youth of the land in the fundamental principles necessary to perpetuate the institutions of this country.

*Where teach:* In the public schools. It is the business of the schools to train for citizenship. No other theory of taxation for public schools is consistent. The first and the last duty of the public schools is to train for citizenship. All else is good, but incidental; therefore teach civics and economics in the schools.

*When teach:* The time to teach any subject is during the impressionable years; therefore teach economics in the Junior and Senior high schools and make it a required subject in all college courses for its cultural values.

*How teach:* By means of carefully prepared and thoroughly organized lessons that give well-established, generally accepted principles in an understandable way.

E. E. SHELDON, *Supervisor of Training,*  
R. R. Donnelley & Sons Co.

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## Measuring Personnel Management

While it is neither desirable nor possible to measure the total effect of personnel work in terms of figures, it is both desirable and possible to measure certain activities of personnel departments.

It is desirable to measure them because there are many presidents who, not being completely sold to personnel work, will be influenced if they can see that in some respect improvement has been made through its efforts. It is also extremely important for personnel departments to be able to measure their own efforts in order to know whether or not they are using the best methods. Frequently when personnel departments have easy sledding in the organization and have no check-up on themselves, they go to sleep.

Not only is it desirable to measure the results of personnel work, but it is possible to measure some parts of it. For instance, one company has figures which show a decrease in the number of days lost per hundred employees because of accidents for the last ten years. There was a steady decrease from 294 in 1914 to 20 in 1923. This is due to supervisor's training.

It was significant to know early in 1924 in this case that the number of accidents for 1924 was likely to be above that of 1923 and they were very much concerned about it and were therefore working hard to overcome it. If they had no figures, they would probably have felt that they were doing very well. Again in a large department store, a personnel worker was put on the eighth floor to reduce the number of complaints. For four months the complaints steadily dropped as shown by the figures. The personnel worker was transferred to another floor without provision for a successor on the eighth floor and the errors immediately began to increase in number, and grew worse as time went on during the next three months. These two illustrations can be multiplied many fold.

There is absolutely no question in my mind, but that the best method of increasing the efficiency of personnel departments and in selling them to organizations, if they are doing good work, is through the measurement of all their activities which can be determined in figures. This problem of the measurement of the effect of personnel effort is one of the most important in the business world.

W. W. CHARTERS, *Director,*

*Research Bureau for Retail Training, University of Pittsburgh.*

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## Safety in a Public Utility

A Public Utility organization embraces a variety of occupations and the working units are widely separated—sometimes several hundreds of miles. As a rule the working unit, or gang, is very small as compared with manufacturing organizations. A "gang" may consist of one man and rarely over ten men. The number reporting to a foreman usually averages about five to ten.

In organizing for safety the foreman factor is the first, last and constant thing with which to reckon. The attitude of the foreman is the indicator of the management's attitude toward safety. The accident rate is the indicator of the foreman's ability in accident prevention work.

A score board is the hub of the wheel around which the whole structure revolves, and the fact that the foreman is responsible for the safety of his men, must be kept constantly in the lime-light.

There must be recognition of merit and this takes the form of awards to those foremen who have successfully accomplished the feat of having worked for one or more calendar years, no lost time accident having occurred to any of their men.

The foremen are also leaders in first aid work, and to this end a group meeting is held monthly, at which first aid problems are discussed and accident prevention demonstrations are shown by a workman performing actual

operations before a critical audience composed of his buddies. His choice of tools, materials, and safety appliances are matched against the safety code applying to that particular operation, as is also his method of performing the work.

Some 15 to 25 foreman units comprise a district unit, so that district rivalry can be maintained. The district having the best record is given a pennant, annually, to keep, or if a district has 12 calendar months without an accident, a pennant is also permanently awarded. The pennant for the current year moves from district to district in accordance with the one which is heading the score board for that particular month.

It has also been found necessary to keep every employee informed as to his gang standing and district standing. This is accomplished by means of bulletins and the results are published in the house organ. Certain accidents are preventable by acquainting all employees with the *causes* of similar accidents.

### Safety First

The Safety Code is a valuable link in the chain, but is considerably dependent upon the strength of the endorsement given it by the Supervisory Forces. Where quantity or production facts are available, it is found that the cost of doing work is lowest in those districts where Safety is FIRST, thus exploding the oft repeated idea that to do a safe job means doing an expensive job. Safety is the first qualification for foremanship, and the accident record is taken into consideration when transfers, promotions and wage increases are to be made.

The experience gained by the foremen in conducting their own monthly meetings is a very real factor in developing present and future leaders of men. How well the foreman succeeds in this part of his job is a constant test of his ability as a leader and as an instructor.

Accidents of a serious type are investigated by a committee, who make a report setting forth the cause of the accident, the persons responsible, and a recommendation for the prevention of a similar accident. Drawings and photographs together with the testimony of eye witnesses are also prepared as a background for their report and become a part of the permanent record.

Hazardous conditions are logged and followed through to a definite conclusion.

The main factors in this program for safety are:

1. Certain responsibilities must be delegated very definitely.
2. Such responsibilities must be accepted.
3. Leave no stone unturned to insure that those responsible have all of the information and help that management can give.

F. K. SINGER, *Division Results Supervisor,*  
*The Bell Telephone Co. of Pa.*



# THE MANAGEMENT INDEX

## Abstracts and News Items

### GENERAL MANAGEMENT

#### The Four Policies on Which We Built a \$10,000,000 Business

The president of the Palmolive Company tells distinctive features of that business, one of which has been a disregard of precedent. The use of definite facts in selling is far better than the only too common generalities. All the products have been devised to render an unusual, an unexpected, service. In marketing a new product, the start is slow, to allow for any possible come-backs on it. A carefully thought out advertising policy is pursued over a period of years. No un-

necessary price adjustments are made. Co-operation from the workers has been due to a systematic increase in wages, and sharing of stock. By Charles S. Pearce. *System*, April, 1925, p. 477:5.

#### Why Our Truck Costs Are Low

The experience of the traffic manager of A. W. Gamage, Ltd., in operating a fleet of forty delivery trucks in a radius of forty miles outside London. A bonus is paid for economies effected in gasoline and is given when a certain mileage per gallon has been exceeded. By H. W. Hawkins. *System*, April, 1925, p. 508:1.

### FINANCIAL MANAGEMENT

#### The Relations of a Commercial Bank to the Business Cycle

The effects of cyclical changes in business conditions upon the loan and deposit operations of an individual commercial bank are described. For the individual bank, as for groups of banks, the loan-deposit ratio is a measure of the ability to lend; an advance of this ratio for all banks indicates the working of forces which make for higher interest rates, whereas a decline indicates the working of forces which make for lower interest rates. If the two ratios are moving in general sympathy, the wisdom of current policy rests upon questions concerning the soundness of the general economic situation; if the two ratios are not moving

in general sympathy, the question is raised as to the soundness of the credit situation of the bank. By William L. Crum and Homer B. Vanderblue. *Harvard Business Review*, April, 1925, p. 297:14.

#### New Engineers' Bank to Open in Philadelphia

The Brotherhood of Locomotive Engineers' Title & Trust Company will soon open its doors for business in Philadelphia. In order to finance the new banks and to control the banking institutions at present established, three holding companies have been organized by the brotherhood. It is estimated that 86 per cent. of the funds now on deposit in brotherhood banks are carried for the account of depositors

who are not members of the organization. *Industrial Relations: Bloomfield's Labor Digest*, April 11, 1925.

### Financing the Young Manufacturing Business

The financial problems of the Metal Forming Corporation taught them some lessons which can be thus summarized: 1. Tell your banker all about yourself and your business. 2. Use the same methods with the concerns from which you buy. 3. If you and your business are a good risk, your friends will appreciate it more quickly and more thoroughly than will strangers. 4. Do not try to borrow money on your plant from your bank, if its facilities do not permit it to do so. Go to a trust company. 5. Watch your credits and your collections closely, but be lenient if a customer is a "comer" and is sound. 6. If you believe your business will succeed, undertake any sacrifice rather than let go of the controlling interest. By E. M. Sims. *Factory*, April, 1925, p. 584:3.

### The Savings Manager and the Retail End of Banking

The procuring of new business is worthy of the best brains in the bank and it brings the institution into the lives of the multitude more than any other banking function. Competition is keenest in the savings field, and the sales manager must be able to analyze his situation and know which plan is most likely to succeed in his community.

The savings department should not overlook the value of the sales force that is represented by its bank's own employees, as none are in a better position to sell it. *American Bankers' Association Journal*, April, 1925, p. 621:2.

### Meet an Old Friend, Per Item Cost

The viewpoint of the analysis department is given, and the cost of handling items through the system from the point of view of the analyzed customer, rather

than the analyzing banker. Summed up, the cost per item is dependent upon factors of volume, equipment, system, and personnel—all of which are strictly controllable and may be computed without reference to the overhead costs of the bank. By Hy. W. Sanders. *The Burroughs Clearing House*, April, 1925, p. 14:234.

### German Finance and Industry

The resident partner (Berlin) of Lybrand, Ross Brothers and Montgomery outlines conditions obtaining in Germany to-day which are interesting to American manufacturers. He deals with such matters as recent German loans in America, the prospect of German loans abroad, taxes and the national budget, prospects of tax reduction, German industrial production and costs, and German competition. By E. Elmer Staub. *Management and Administration*, April, 1925, p. 321:3.

### Serving the Borrower and Investor

The manufacturers to whom the Manufacturers' National Bank of Troy, N. Y., has supplied current credit year after year sometimes find it necessary to increase their manufacturing facilities. The entire cost of such betterments cannot be paid out of current earnings without upsetting current financial arrangements. The sensible plan is to issue bonds, which furnish the capital needed at once. This sort of financing will be offered by this bank to industrial concerns with the financial needs of which at least one member of the banking group will be familiar. By T. D. MacGregor. *The Burroughs Clearing House*, April, 1925, p. 24:1.

### Getting Profitable Business from "Doubtful" Credit Risks

The general credit manager of the Gates Rubber Company outlines his method of classifying and subdividing the problem into its elements, from which the answer arrived at is more apt to be correct. An analysis of accounts according to rating will simplify the credit man's decisions. A

list of percentages of credit limit are given. Bad debts are analyzed to determine the loss under normal extension and the

amount of loss under each classification of marginal extension. By Robert M. Dulin. *System*, April, 1925, p. 469:4.

## OFFICE MANAGEMENT

### Space: *Location, Equipment, Arrangement*

#### Keeping the "Silence Room" Silent

Due to the practical impossibility of doing creative work in the ordinary office, various advertising agencies are establishing Silence Rooms, where members of the organization may go into seclusion when their work requires. The eight rules worked out and enforced by the Ray D. Lillibridge agency for keeping the Silence Room silent are given. *Advertising and Selling Fortnightly*, March 25, 1925, p. 67:¾.

#### Concentration of Workers Destroys Concentration of Thought

Many firms are not only aware of the disadvantage of crowding office workers, but have found it profitable to accord the creative members the privacy of small

rooms. Secluded in these, they think and work undisturbed, but if they are placed in close proximity to somebody else they find it difficult to gain headway. The influence of other persons, whether exerted intentionally or not, creates cross-currents that carry creative thinking astray. By R. Gilbert Gardner. *The Office Manager*, April, 1925, p. 92:1.

#### For a Quiet Office

To avoid the fatigue which noises lay upon an office worker, cork or linoleum floors are useful in the general office. Pulpboard walls, woven hangings or felt coverings will absorb sound waves and serve as silencers of the noises of the outer office. *The Office Manager*, April, 1925, p. 76:¾.

### Organization: *Job Analysis, Employment, Compensation*

#### Dry Rot

An owner of a large inherited business transacted all business through his ten heads of departments. Each head did all the hiring and firing in his own bailiwick, and no man under him could come directly to the owner about anything. It seemed to be a lovely plan—for the owner. The only trouble was that the business slowly developed dry rot. Large contracts were missed by a hair. Costs were mounting. New ideas and suggestions evolved by the rank and file were appropriated by the heads and passed off as their own. As this policy became clearer the clerks kept their suggestions to themselves. In-

trigue, office politics and disloyalty thrived. Office gossip was retailed outside, even to competitors.

This is not to advocate that executive heads be stripped of authority, but that authority should be so circumscribed that men in all ranks will be given an opportunity. *The Value Mark*, April, 1925.

#### Plans Are Under Way for Honoring Employees with 25-Year Records

The Brooklyn Chamber of Commerce has aroused much interest throughout the business concerns of the community by making inquiry as to the age of each concern and issuing certificates to those in

business continuously for twenty-five years or more. Following this investigation it has been inquiring as to the number of people employed continuously in one place for a similar period and has developed the fact that the list is an enormous one. The American Sugar Refining Company heads the list of the concerns so far reported with the names of 127 men and women who have been with the company continuously for twenty-five years or more. *Brooklyn*, April 18, 1925, p. 17:1½.

### **The Principles Involved in Securing Service Ratings as Exemplified in a Large Bank**

It should be recognized that ratings are a practical administrative device and not a scientific measuring instrument. The particular uses to which ratings are to be put constitute another conditioning factor. It should be ascertained if the worker's value to the organization is increas-

ing or decreasing. There should be one basis for salary increases or decreases. It must be determined on how many personal qualities, and on what qualities, ratings shall be made, and how many and what persons shall make the ratings. It is also as important to know what has happened over the preceding period of six months or a year as to know the present rating of an employee. Ratings ought to be made periodically and systematically and not be left until action affecting the employee is imminent. By Forrest A. Kingsbury. *Public Personnel Studies*, March, 1925, p. 70:15.

### **A Plan That Keeps Executives on Their Toes**

A rating scale for executives devised and used by the American Rolling Mill Company. The scale is not weighted, because that would detract from a survey of each individual weakness. By A. J. Beatty. *System*, April, 1925, p. 459:2.

## **Employee Service: Health, Recreation, Lunchrooms**

### **Preventive Dentistry Service for Newspaper Employees**

The important thing about this plan of the *Chicago Tribune* is that it makes good, sound teeth compulsory. The employees must keep their teeth in proper condition, or lose part of their sick benefits during illness, if such illness is found to be due to focal infection from bad teeth. The

preventive dentistry work calls for regular examination of employees' mouths, at least once every ninety days. The *Tribune* dentist does not fill teeth, correct irregularities nor treat pyorrhea. Her work is solely prophylactic. The employee who needs treatment goes to his own personal dentist and presents the bill to the *Tribune* for payment. *The Nation's Health*, March, 1925, p. 194:2.

## **Training and Education: Schools, Libraries, Employee Publications**

### **Helping Build Bank Character**

The officers of the State Bank of Chicago, realizing that there was hidden talent among their employees, sought a means of uncovering it. As a result of their thought and analysis they prepared sixteen brief messages, constructive and positive. Each Monday morning for sixteen

weeks one of these cards was placed on the working space of each employee. The sixteen subjects selected were: 1. Good Morning. 2. Sincerity. 3. Know Your Bank. 4. Character. 5. Thank You. 6. I'm Sorry. 7. Loyalty. 8. New Business. 9. Personal Appearance. 10. Patience and Tact. 11. Atmosphere. 12



Teamwork. 13. On Time. 14. Serving Yourself. 15. Opportunity. 16. You Are the Bank. By Albert Journeay. *The Burroughs Clearing House*, April, 1925, p. 50:34.

### Educating the Employee

Some large firms like the Standard Oil Company, find it pays to conduct classes in

penmanship, arithmetic, typing and how to meet the public.

The employees of the Brooklyn Edison Company may select certain specific courses of study at will, while others are obligatory, such as those directly concerned with the organization of the company, and its relations with its customers. By Eleanor Gilbert. *The Office Economist*, April, 1925, p. 5:23/4.

### Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership

#### Giving the Office a Vacation

The inconvenience of the vacation period will recommend to the thoughtful office executive the complete shut-down during this interval which would then be the same for all workers. This plan can be carried out as successfully in some offices as in the many factories which have long practised it. Offices which feature their service can sometimes manage this plan by retaining a skeleton force for emergencies. By a little careful planning and advance notice to customers many organizations can adopt the scheme. The advantages of the shut-down are numerous: no arguments over special cases, no errors through clerks handling unfamiliar work, no uneven production through part of the force being rested and the rest tired from a year's work, etc. By Edward E. Martensen. *Office Manager*, May, 1925, p. 117:3.

#### Making Salaries an Incentive

Intelligent publicity in connection with a standardized salary system will inspire confidence in employees, and provide an incentive toward a better ranking. The promotional possibilities in an organization should influence the hiring of workers to a large extent. Regular rating of employees' department heads will determine the question of salary advancement. In organizations where clerical work can be measured, a plan of payment by results has been found advisable. The payment of a premium will not interfere with a

standardized salary plan. The establishment of a pension plan will be facilitated by the existence of a plan of salary standardization. By Harry Arthur Hopf. *Office Manager*, May, 1925, p. 120:3.

#### Holiday Practices of Offices, Stores and Factories in New York City

Paying employees for holidays not worked is quite general, except in the case of factory workers. Out of 805 concerns replying to a questionnaire sent out by the Merchants' Association of New York, 602 pay all employees in full for all holidays observed, and only three pay none of their employees for holidays. Factory workers who are paid for holidays are generally specified as heads of departments, superintendents or foremen. The 805 concerns are divided into various groups, and the holiday practice is tabulated under each group. Prepared by the Industrial Bureau: Merchants' Association of New York, February, 1925, 16 pages.

#### A Plan for Encouraging Vacations During the Slack Season

To those offices whose peak load comes in summer, the vacation problem requires consideration, particularly if temporary help is impractical owing to necessary experience on the job. The Eastman Kodak Company has relieved this situation by offering additional vacation time to employees, provided it was taken during the

fall and winter months. Regulations governing vacations in this company are given. This plan has evened production materially. By M. B. Folsom. *Office Manager*, May, 1925, p. 107:2.

#### Profit Sharing Introduced

An employees' bonus and profit-sharing plan has been introduced by the Security

National Bank of Everett, Wash. All employees of the bank will benefit by the system, which calls for a bonus each year, continuing until the end of the fifth year of employment. At the end of this time the employee comes under a profit-sharing plan, based upon both the earning of the bank and the salary of the employee. *Coast Banker*, March, 1925.

### Records: Forms, Charts, Cards, Files, Statistics

#### Payroll and Cost Department

The methods used in making up the factory payroll of the Ohio Brass Company. Each employee has a number on a time clock. The employment department furnishes the payroll department with a certified copy of the rate card of each employee and a copy of each subsequent change in rate, and the rates department also furnishes it with a copy of the rate card for each piece-work rate authorized for use in the various departments. Addressograph plates which show clock number, name and rate are made for each employee. When time cards are returned to the payroll department they are first checked with the time clock record to determine that the time given on the card agrees with the attendance record shown by the clock.

Tabulating machines are used in summarizing all records for cost and payroll work and the next step is punching these time and labor records in the cards. Further details of this work follow. By A. D. Lynch. *The O-B Observer*, April, 1925.

#### How to Keep Invention Records

Records are valuable as evidence to prove priority of invention. They can also be used in any kind of patent litigation. In the same way they can be used effectively in forcing settlements by infringers who threaten to bring suits merely to intimidate the trade. Records safeguard witnesses against becoming confused and mixing the dates of different machines, and

the manufacturer is insured against the needless expense of doing the same experimental work over again.

Details are given as to how to draw up records, illustrated by various forms. By H. A. Toulmin. *Factory*, April, 1925, p. 598:4.

#### In Pursuit of Error-proof Filing

Ten principles drawn from a wide study of successful filing departments are: Centralized files; trained workers; plenty of space and air; a suitable system; convenience of the workers; varied routine; periodical transfer; one responsible head; standard instructions; co-operation of the entire organization. By Eleanor Gilbert. *The Office Manager*, April, 1925, p. 80:24.

#### Records and Reports

A dissertation on the difference between records, composed of facts and reports, colored by opinion. A good record has more than two dozen qualities, twenty-three of which are given in some detail. The author challenges anyone to guess the most important of these qualities and promises to divulge it in the next article. By Harrington Emerson. *Office Manager*, May, 1925, p. 127:3.

#### How to Design Effective Business Forms

In the average concern, when the need for a form arises, its design is apt to be left in the hands of subordinate executives. The trouble lies in the failure to

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realize that the form is the tool which makes it possible to carry out a certain routine. Such matters as sequence of information, spaces and headings, records in

manifold, size of forms, grade of paper, balance and appearance are discussed in detail. By J. Eigelberner. *Industrial Management*, April, 1925, p. 245:6.

### Correspondence and Reports: *Letters, Minutes, Notices*

#### All Branches of a Large Company Use Dictating Machines

In the Air Reduction Company dictating machines have been used for seven years. The branch managers without exception state that they are securing satisfactory results from their equipment. In the purchasing and credit departments the machines have proved particularly valuable. In the New York office a messenger collects the cylinders every hour, returning at the same time any finished work. The supervisor of the transcribing section sticks into every cylinder a slip which

shows the date and hour it was received in the department. When she turns the cylinder over to an operator the time is again marked on the slip, as it is when the cylinder is finished. A daily report prepared at the close of each day indicates the amount of work received and finished that day, and the number of cylinders left over, if any.

As to operators, there is practically no turnover. The principal objection comes from the dictator who has not learned to plan his letter before he starts dictating it. By R. W. Ryder. *Credit Monthly*, April, 1925, p. 15:1.

## PRODUCTION MANAGEMENT

### General: *Promotion, Organization*

#### 132 Years Without Losing a Customer

The vice-president and works manager tells the story of the Lukens Steel Company and discusses the principles which have contributed to its success. By Charles Lukens Huston. *System*, April, 1925, p. 461:6.

#### Deserving a Manufacturing Profit

The last of a series of papers by the

vice-president of the Strathmore Paper Company, who says that industry is a service and that profit is a reward paid by the public for service rendered. Factors which contribute to this service are: quantity, quality, machinery, equipment, material, labor, process, price and marketing. By B. A. Franklin. *Management and Administration*, April, 1925, p. 239:4.

### Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

#### Our Immigrant Community and Press

A survey of the location, characteristics and tendencies of immigrants based chiefly on a perusal of the foreign language press

in America. Sometimes in the same paper an editorial in English will laud this country and other editorials in a foreign language will paint America in the blackest

colors. If an immigrant community is directed by leaders of intelligence, and the average of culture is high as is the case with Jews and Japanese, Americanization will be comparatively simple. The opposite will, of course, also hold true, and here are opportunities for misinformation and animosities to spread. By Robert E. Park. *American Review*, March-April, p. 143:10.

#### **American Workmen Lauded by Schwab**

"Forty years ago we sealed our mills so that nobody else should know what we did; we guarded our costs with care so that nobody else might even remotely guess what it was costing us to do business. Twenty-five years ago the chief delight of business was to make it hot for its competitors. That is all changed to-day.

"Industries have grown successful and will grow successful by co-operation. Our capital is the capital of millions of investors. Thousands of men are purchasing

stock in their industries." By Charles M. Schwab. Address at the New York Building Congress. *The Journal of Commerce and Commercial Bulletin*, April 9, 1925.

#### **The Limited Market**

The theory of pitting productivity against better distribution as a remedy for poverty and discontent is fallacious. Better distribution is essential to higher productivity. That is why wage cuts, as a means of lowering costs, are bad economy, for only by a more equitable distribution of the product can we get conditions that make higher productivity a feasible policy. Workers cannot apply to production their best powers unless they have secured to them a larger share in the product than our economic system at present secures to them as a rule. Only by liberating consumption from its shackles can the limitation of the market be removed. By John A. Hobson. *The Nation*, April 1, 1925, p. 350:2.

### **Employment: Classification, Selection, Tests, Turnover**

#### **How Psychological Tests Are Used in Employing**

The tests described have been worked out and tried out for a large range of occupations and trades. 1. Trials at the work. This is perhaps the most common test that is used. 2. Miniature occupations. It is often impossible for an employment office to put applicants through their paces in work requiring bulky machinery. Such a test is illustrated in this article. 3. Essential capacities. In following this method, one analyzes the work that is to be performed in an attempt to ascertain if the functions demanded are memory, attention, imagination or what not. 4. The empirical method. These are random tests which have been tried out until those are found which show closest relation to later skill in the work. 5. Trade tests. This method measures how much the applicant knows about the work. It is the final step in

the test that should determine the method to be followed after all. By Donald Laird. *The Nation's Health*, April, 1925, p. 235:4½.

#### **Indirect Labor**

Not one out of ten foremen in a large factory can tell you on the spur of the moment how many indirect or non-productive men he is carrying. This situation is improved when indirect labor is controlled through a budget. This gives the foremen a bogey, and that means a chance to show their ability by setting a lower record. The first step in getting indirect labor control started is to call a meeting of the factory manager, superintendent and others interested and have them agree as to the number of direct or non-productive men required in each department for the minimum production. As the production increases an additional man



here and there can be allowed. Daily reports of this matter should be made and once a week a recapitulation compiled. By William F. Carmichael. *Factory*, April, 1925, p. 611:1.

### Unemployment Plans

The John A. Manning Paper Company of Troy, N. Y., guarantees to pay each member of the welfare association who may be unemployed because of inability on the part of the company to furnish employment of some kind a sum not exceeding \$72 in any calendar year.

The Joseph and Feiss Company, of Cleveland, has a pension and unemployment fund which is made up of the deposits of service bonuses. If the unemployment reaches twenty days in six months, or ten consecutive days over any period of time, an employee can draw against his account an amount equal to 50 per cent. of his earnings at base rate for an eight-hour day for each additional day of unemployment. *Round Robin*, April, 1925.

### A \$1,500,000,000 Tax on Industry

Many disagreements occur as to the method of rating labor turnover. Some use the number of entrances as the numerator, while others use the number of separations as the numerator of the fraction, still others use the number of replacements. Concerning the denominator, some use the average number on the payroll,

totalled on the basis of the number on the payroll at the beginning of each week or each month, while others use the actual men working full time and totalled day by day.

From a compilation of the various estimates, it is believed that \$50 would fairly represent the average replacement cost per man in American industry, and the economic loss in the United States as a whole due to labor turnover is placed by some as about one billion and a half dollars annually. By Harold Fischer. *Graphic Visualization* by Frederick H. Peard. *Industry Illustrated*, April, 1925, p. 22:2½.

### Smoothing Out Friction in Inter-Departmental Promotions

The policy of filling the better positions by promotion from within is one of the most effective means of building up a strong organization, but one of the obstacles that confronts the effective execution of such a policy is the attitude of the "robbed" department head or foreman. If labor turnover records are kept by departments, the foreman is liable to raise the objection that this promotion will add one more man to his labor turnover. Therefore it is very important that other records should be kept which will be considered by the superintendents as equal in weight to the labor turnover report. By Arthur F. Dodge. *Industrial Management*, April, 1925, p. 244:1.

### Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

#### Where the Miner Makes a Change

The larger mining companies of the United States are spending considerable sums of money in providing for their employees what are known as wash-and-change houses. These should be placed near the manway exits of mines, or connected with the mines by tunnels. The great majority of the modern change

houses have cement floors. The walls of the buildings should be high, particularly if the clothes of the miners are suspended from the ceiling, and the temperature should be a little above that of the mine.

Clothes racks instead of lockers have been used for drying mine clothes and coils of steam pipe circulate among them. For bathing purposes shower baths are

used almost exclusively in place of bath tubs. One to every twenty men is considered about the right proportion.

Wash-and-change houses are now required by law in a number of mining states. About 85 per cent. of the men make use of the facilities daily. At some mines a fee varying from 50 cents to \$1 per month is charged for the privilege. By M. E. Clements. *Industry Illustrated*, April, 1925, p. 35:1¾.

### Dividing Industrial Cafeteria Crowds

Separate dining rooms as a rule solve the problem of congestion where 2,000 or more employees are to be fed. Montgomery Ward and Company, of Chicago, operates two complete cafeteria dining rooms, with the kitchen between that prepares the food for both. Another advantage of having two complete dining halls is that special dinners and luncheons can be given to visiting associations or clubs. Little complaint is received from the employee-patrons as to the quality of food served, for the president and the executives of the company eat exactly the same kind of food, cooked in the same kitchen, as do the lowest paid employees. By Jonas Howard. *Cafeteria Management*, April, 1925, p. 7:1¾.

### Costs in 44 Employees' Lunchrooms

A tabular summary of data on equipment and operation of forty-four plant lunchrooms and details of the operation of eight cafeterias. Two floor plans are given. *Management and Administration*, April, 1925, p. 337:6.

### "Afternoon Tea" for Workers

In England it is tradition that commercial houses allow time for the employees' afternoon tea along toward the "low" part of the afternoon. America is now threatened by an invasion of this custom. English representatives of tea importers are here, propagandizing for the popularization of this continental custom.

The first reaction of American industrial executives will probably be against it.

They will often serve milk and sandwiches during the mid-morning, but the breaking up of the afternoon is quite another matter.

The idea is sound. It is well known that tea is a stimulant not harmful unless indulged in to excess. Have the English found that this stimulant peps up workers during the afternoon, often too long a stretch?

The Union Trust Company, of Chicago, have adopted the custom of afternoon tea for their employees. Such institutions that operate lunch rooms would find it exceedingly practical to do this, either with or without cost to their employees.

One good plan, worked out in the East, is to furnish the tea free and allow the workers to buy pastries offered at the 4 o'clock hour. *Cafeteria Management*, April, 1925.

### Health Agreement

The second trade union health agreement in the United States has been made between the painters' union in Rochester, and employees, which became effective April 1, 1925. It establishes rules regarding working conditions affecting the health of painters and is intended to minimize occupational diseases. The agreement is to be effective for one year. *Industrial News Survey*, April 20, 1925.

### Give Medical Service to 5,000 Gas Company Employees

The staff of the medical department of the People's Gas, Light and Coke Company, Chicago, consists of three half-time physicians, a trained nurse, a visiting social service worker, a stenographer, and a clerk who has charge of the records and medical supplies. The layout of the physical equipment consists of a reception and filing room, three examining rooms, a surgical and dressing room, a rest room, a laboratory, a dark room, and two toilets. The work is largely prophylactic in nature. All employees are given a complete physical examination before employment and any employee may come in at any

time for re-examination or for consultation about any medical matter. By Medical Department. *The Nation's Health*, April, 1925, p. 268:1¾.

#### Recreation Grounds Popular with Minute Employees

The summer playground of the Birchland Club of the Minute Tapioca Company is the company park, a tract of 100 acres, a mile and a half out of town and reached by the company's bus at regular intervals.

There is a pool with the usual aquatic equipment, and swimming instructions are given throughout the summer. A large picnic grove nearby is provided with amusements for the children. A kitchen with open-air army stoves, as well as dishes and cutlery, is equipped to prepare and serve as many as 150 guests.

Dues are small—one dollar a year for voting members and fifty cents a year for family members. *The Nation's Health*, April, 1925, p. 272:1¾.

### Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

#### Training the Planning Staff

Methods used by the Canadian Consolidated Rubber Company are described and their organization chart, sample job assignment card, schedule board for use with assignment cards, job analysis sheet, routing analysis sheet, typical time study sheet, and form listing elements for time study and motion study, are illustrated. Details of the planning school and methods of instruction are given. By Donald Ross-Ross. *Management and Administration*, April, 1925, p. 375:4.

#### A Union Takes Step to Improve Craft

Better craftsmanship and a higher standing for the printing trade are the chief aims of the recently reorganized Bureau of Education of the International Typographical Union. Under rules of this union all apprentice printers are required to take the union's course in printing, which includes instruction in English, punctuation and artistic balance. An outline of the course is given. *Industrial Relations: Bloomfield's Labor Digest*, April 11, 1925.

#### What Employee Publications Are Doing to Improve Industrial Relations

The object of this article is to direct executives' and managers' attention to the influence of the employee organ and to

show that it is an important means of making industry more human and of bridging the gap between capital and labor. By W. R. R. Winans. *Industrial Management*, April, 1925, p. 212:2¾.

#### Management Principles of Apprenticeship

Apprenticeship generally can no longer be a matter of a complete training program contained within the confines of one plant. It must, rather, reach out and embrace an entire district. All the plants of one trade or related group of trades must be drawn together under one organization. Their schedules of shop and school training must be so dovetailed that they will form an adequate program to all its plants, no matter what their size. By H. A. Frommelt. *Industrial Management*, April, 1925, p. 206:2.

#### Opening New Doors for Foremen

In 1920 the National Cash Register Company sent every foreman in their plant on a ten-day educational trip to Boston, New York, Philadelphia, Washington and other Eastern cities, to visit factories and other industrial establishments. They brought back hundreds of ideas which have been used since. This factory is always open to officers of other factories, and other employers can send their men

to investigate methods here. The Axelson Machine Company, Swift & Company, and the Armstrong Cork Company make an effort to broaden foremen by getting them to spend definite periods of time studying the operations of departments other than the one in which they are employed. Dill and Collins not only do this, but take their foremen to other departments and instruct them how to teach new men in the performance of their duties. The International Harvester Company has developed a foreman plant-intervisitation program on a very extensive scale; the visits are planned months ahead. By J. K. Novins. *Trained Men*, May, 1925, p. 94:3.

### The Engineer as a Railroad Executive

It requires the closest kind of management and the services of very much more highly trained executives to meet all money requirements now than it did twenty-five years ago. Although a good technical expert may not develop into a good executive, nevertheless, successful administrators should have certain characteristics, such as a good grasp of the fundamentals of science, the ability to think logically, exactness of method, power of analysis and sound economic theories.

In emphasizing the importance of training, it is necessary to avoid withering the aspirations and stifling the ambition of the large number of men in railroad and industrial service who have not had the benefit of overmuch school or college preparation. By Julius Kruttschnitt. *Railway Age*, April 11, 1925, p. 939:2½.

### The American School of Painting and Decorating

Appreciating the gravity of the situation resulting from the shortage of competent journeymen painters, the American Paint Journal Company, of St. Louis, is establishing the American School of Painting and Decorating for instruction through correspondence courses. With employment or manual training in painting, for even

part time, added to correspondence instruction, the ambitious young man should soon be fit for classification as a skilled journeyman. *The Painters' Eagle*, Vol. 3, No. 1.

### The Workers' Education Bureau of America

The Workers' Education Bureau of America held its fourth annual convention in Philadelphia April 17, 18 and 19. The purpose of the organization is "to collect and disseminate information relative to efforts at education conducted by any part of organized labor; to co-ordinate and assist in every possible manner the educational work now carried on by the organized workers, and to stimulate the creation of additional enterprises in labor education in the United States." The convention was attended by delegates from international and national unions, state federations of labor, workers' study classes, trade union leagues and by representatives of organizations interested in education and social progress.

In his address of welcome to the delegates, Professor J. H. Holmes, of Swarthmore College and the Labor College of Philadelphia, stressed the need for "orderly revolution" in industrial conditions and deplored the interpretation of 100 per cent Americanism to mean the keeping of things as they are.

Dr. A. W. Castle, of the Pennsylvania State Department of Public Education, told of the system of night schools for adult education provided for in legislation now awaiting Governor Pinchot's signature.

Morris L. Cooke, director of the Pennsylvania Giant Power Survey, spoke of vast changes which are being brought about by the development of giant power. Among these he mentioned the probable reduction in numbers of coal miners from 30 to 40 per cent., the disappearance of the small power plant, the mobility of industry involving the development of small-



town industries where the worker may combine work on the farm and in the factory.

Mr. R. Hogue, director of the Department of Education of the Pennsylvania Federation of Labor, called attention to the exploitation of high school boys under the vocational training system in certain communities.

J. H. Maurer, president of the Pennsylvania Federation of Labor, emphasized the need for workers to take an intelligent interest in politics, to be represented on public school boards and to learn to think freely and independently for themselves.

At the annual banquet Matthew Woll, vice-president of the American Federation of Labor, said that in America the purpose of workers' education is not to drive or lead the worker in one line, but to open his mind so that truth may prevail, no matter where truth may lead. It is not the function of education to spread propaganda, but to develop the reasoning faculties of the individual.

Mr. W. R. Green, president of the American Federation of Labor, claimed that labor organizations were entering upon a new era in which education was to play a much greater part than in the past.

Education offers the strongest hope for collective bargaining and industrial peace. All civilization is moving towards law and order instead of war. The need of the hour is more of the conference method of settling difficulties. The trade union is the agency and education, the method by which labor expects to make material and spiritual progress. *Notes on the Annual Convention of the Workers' Education Bureau of America.*

### Apprentice Training at the Hudson Guild

Great interest among master printers has been stirred up by the success of the unique educational program that has been evolved by the co-operation of the New York Employing Printers' Association, the "Big Six" Typographical Union and the Hudson Guild of New York City, and put into effect through the School for Printers' Apprentices of New York. Each apprentice student at the present time is required to attend school one afternoon a week on his employer's time with pay, and one evening each week for four years on his own time. By A. J. Fahrenbach. *The Inland Printer*, February, 1925, p. 718:2.

### Benefit Systems and Incentives: *Group Insurance, Pensions, Profit Sharing, Wage Plans, Suggestions, Vacations, Stock Ownership*

#### Practical Thrift Plans for Employees

A review of the various types of thrift plans, examples where each is used, which is the best, and which is the most used. Objections to the stock purchase plans of thrift promotion are also given. By O. R. Johnson. *Management and Administration*, April, 1925, p. 369:3.

#### Million Paid in Benefits

The twelfth year of the Western Electric plan sees results of constructive work. Payments of \$1,009,413 were made to more than ten thousand beneficiaries by the Western Electric Company last year under

its employees' benefit fund plan. This plan was put into effect twelve years ago. It provides payments to employees in case of accident, sickness, retirement for age or disability, and death.

In the annual report to stockholders, the plan is described as follows: "The benefit fund does not assume all the burdens for disabled employees. It will not always provide enough for comfort in old age or other continuing exigencies without other help, but it does furnish important assistance in times of need. It helps and it should also stimulate employees to build up their own savings funds against

the 'rainy day' that is so likely to come and so frequently without warning."

Largely as a result of the preventive and constructive work carried on under the plan, the number of accidents per 1,000 employees was reduced by 2 per cent. last year. The reserve for the benefit fund now amounts to \$4,000,000. *Western Electric News Service*, Vol. 4, No. 2.

#### Employees Purchase 28 Millions in Stock

Employees of the Western Electric Company have purchased or are now paying for stock of the American Telephone and Telegraph Company aggregating in value \$28,500,000. More than 43 per cent. of the employees who are eligible to subscribe for stock under the company's purchase plans have taken advantage of the privilege. *Western Electric News Service*, Vol. 4, No. 2.

#### An American Experiment in Unemployment Insurance by Industry

A concise description of a scheme established by voluntary agreement between employers and workers in the men's clothing industry of Chicago, which has been working for eighteen months. It is pointed out that the statistical data furnished by the working of the scheme will provide a useful basis for plans for preventing unemployment, and it is stated that the example has already been followed in

other clothing industries and localities in the United States. By Bryce M. Stewart, *International Labor Review*, March, 1925, p. 318:10%.

#### Stock Subscription Plan of the New York Central

The New York Central has had a most gratifying experience in offering stock to employees on its lines. In January of this year it offered for subscription 35,000 shares of New York Central stock at \$110 a share, to be paid for by monthly deductions from wages of from \$5 a share as a minimum to \$15 a share as a maximum, the amount to which an employee might subscribe being one share for each \$200 of annual pay, with a maximum of twenty shares. Current dividends will be credited on subscriptions and 4 per cent. interest charged on deferred payments. The result of this offering was a subscription by 41,570 employees for 96,000 shares of stock. One-fourth of all the employees of the N. Y. C. lines became subscribers. *Gas and Electric News*, March, 1925.

#### Employees' Own Stock

It was announced in New York at the Annual Congress of the National Academy of Political Science that there are now in the United States upwards of 500,000 men and women employees who have bought or are buying in installments stock of the companies by whom they are employed. *The Log of Long-Bell*, March, 1925.

### Labor Relations: *Collective Bargaining, Arbitration, Employee Representation*

#### Social Implications of Factory Law

A review of the effect of factory life upon the life of the community. The trade union by its multiple services—economic, social, educational, protective, benevolent—becomes an outstanding community agent for a better ordering of industrial relationships and a stabilization of social order under the stress of constantly changing technological conditions. It multiplies

the laborer's approaches to society, thus enlarging his life and making him actually and potentially a more useful member of the community. Employee representation is still in a state of flux and is at best a local and personal movement. Welfare work, established from whatever motive, is reflected in community life. In recent years, in so far as the interests of a changing society are concerned, the develop-

mental tendencies in factory life have, in the main, been hopeful and promising. By Samuel M. Levin. *American Review*, March-April, p. 168:8.

### The Problem of Workers' Control in Belgium

Workers' control, in the ordinary sense of the term, is all but non-existent in Belgium. At the same time the workers sometimes enjoy rights and privileges which may be considered as a first instalment of control. Although collective agreements form a definite advance, which has been reinforced by the formation of joint committees, the workers have seldom secured any right of joint decision with the management. The employers are definitely opposed to it and the workers themselves seem to consider that workers' control can be realized only by degrees. By Max Gottschalk. *International Labour Review*, March, 1925, p. 329:23½.

### Labor Unit of American Woolen Company

American Woolen Company has dropped its labor unit from its organization. It was devoted to employment and welfare work and had an extensive program of Americanization. Subsidiary companies engaged in carrying on laundry, lumber, dairy and other businesses, which were concerned with saving and investment of funds by employees, will it is expected be eliminated also. *Industrial News Survey*, April 20, 1925.

## Research and Experiment

### Humanizing Industry

The director of the National Institute of Industrial Psychology (Great Britain) outlines its work. It is concerned with the particular needs and conditions of individual firms or persons, as opposed to the Industrial Fatigue Research Board which is supported mainly by contributions from the state and is for that reason obliged to consider general problems of industry

### Supreme Court for Direct Dealing with Employees

The United States Supreme Court upholds the right of management and employees of the Pennsylvania Railroad System to deal with each other directly through committees elected under the joint plan of employee representation. These committees are the highest authority on the railroad in the settlement of questions involving wages, working conditions and grievances. All members of the committee have equal voting power and two-thirds vote is necessary to decide any issue. *Industrial Relations: Bloomfield's Labor Digest*, March 28, 1925.

### The Challenge of the Union

The company union functions only under the protecting shadow of the trade union. The trade union challenges the authenticity of the artificial creation: the employee representation. Nor can the employee representation plan gain authority and effectiveness by linking up groups co-extensively with the industry. The union must be the authoritative agency of the workers' group in production, if it is to become the agency by which the workers assume with management reciprocal responsibilities for the advancement of industry. Experimentation with employee representation plans only delays progress. Eventually trade unions—why not now? By William Green. *American Federationist*, March, 1925, p. 161:4.

as a whole. The research work of the institute has covered investigations for three different firms of chocolate manufacturers, a tin-can factory, a wardrobe factory, a margarine factory, a cat-gut factory, in the coal, bakery, and textile industries, and in restaurants. Some of the outstanding features of the institute's work are: the introduction of rest pauses, change pauses, reduction of spoilt work, methods

for reducing fatigue, motion study, training, improved illumination, vocational selection and guidance. Remarkable results have been achieved in increased production with less effort. The University of London has recently approved of the institution of an academic diploma in psychology,

the syllabus of which is specially adapted for the requirements of the industrial psychologist. Arrangements have been made for a course of lectures in industrial psychology, to be given at the London School of Economics by senior members of the staff of the Institute. By Charles S. Myers. *Scribners'*, March, 1925, p. 314-6.

### Production Records: *Time Cards and Performance Records*

#### Classification of Causes for Variations from Standard Labor Costs

The system used by the Sperry Gyroscope Company for controlling production is based on a list of symbols used to designate causes for delay. This list was compiled by the foremen and has fully demonstrated its value to the company and to the men who use it. By M. R. Lott. *Management and Administration*, April, 1925, p. 347:2.

#### Apprentice Work as an Incentive

A certain production manager was startled to find that the daily reports showed the usable part of the production of the new apprentices was larger than that for the older men from whom they were learning their trade. The apprentices' records were therefore daily put before the men as an incentive. And it worked. By J. R. Rogers. *Factory*, April, 1925, p. 698:3/4.

## SALES MANAGEMENT

#### Costs Less to Keep Old Customers Than Get New Ones

Creating customers is expensive. One of the largest mail-order houses in the United States estimates that it costs \$10 to put the name of a new customer on its books. One of the largest jobbing houses in Chicago estimates that the cost of creating each new customer is just a little under \$200 in each case. There are no available authentic figures to quote as to what it costs the average retail merchant to place a customer's name on his books, but it is estimated that it is anywhere from \$2.50 to \$25, depending upon the ramifications of his business, his location, etc. By Homer J. Buckley. *Advertising and Selling Fortnightly*, April 22, 1925, p. 34:1.

#### Urges Distributors to Study Cost Basis

Distributors may become the target of legislatures unless they are willing to make studies of the costs of doing business on a percentage basis, not only that they may in-

form the public, but that they may cut down the wastes in distribution. It is a reproach against them that they have not felt the need of costs. They will be asked to make studies which will enable them to impress the public that their costs are high, and that the prices are not exorbitant. It is hoped they can show that the causes of business friction which occur in one industry occur in a general way in all. Address by Alvin E. Dodd. *The Pennsylvania Register*, April 17, 1925.

#### Good Will Building Fundamentals

The foundation of any program for the establishment and maintenance of customer good-will and understanding lies in the thorough training of all those who represent the utility. This can be accomplished in the following ways: 1. Employee organizations, where all meet socially on a common level. 2. Classes for the study of all the operating, salesmanship and public relations problems of the industry. 3.

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Employee-customer-ownership campaigns in which the employee sells company securities to the public. 4. Weekly and monthly

letters and bulletins, bearing on some phase of the business. By Keith Clevenger. *Doherty News*, April 15, 1925.

### **Sales Promotion: Letters, House Organs, Advertising**

#### **A Daily Broadcast That Takes the Place of Letters to Salesmen**

These broadcasts are really little daily advertisements going to the salesforce. As such they have proved remarkably effective. Each broadcast is illustrated, usually with a different cut, though sometimes the cartoon may be good enough to run a second time with a different caption beneath it. On occasion the broadcast is interrupted for a day or two to put in an educational bulletin. By Charles G. Muller. *Printers' Ink*, April, 1925, p. 40:1.

#### **This Sales Manual Makes a Short Cut to the Dotted Line**

The Henry L. Doherty & Company of New York has worked out a salesman's kit which serves as a guide to the salesman in making a complete, standard presentation, gives him all the facts and statistics he needs to answer any questions likely to be asked, and at the same time presents to the prospect a visualization of the whole proposition in the concrete. It makes the selling of securities like selling a tangible article—something that can be demonstrated. Prospects seem to be more responsive to the pictures and charts than to the ordinary financial prospectus. By Roy W. Johnson. *Sales Management*, April 4, 1925, p. 515:2.

#### **Sales Control Methods for Reducing Selling Costs**

Details are given for an effective method of budgeting sales and advertising expense on the basis of salesman's production and by territories. This is followed by plans for controlling the distribution of the annual budget according to sales effort, by salesmen and territories. Another portion of the report deals with methods for checking up the daily effort and production of salesmen. The report has been developed entirely around the procedure used by the Wahl Company. *Special Report No. 202*. The Dartnell Corporation, Chicago. 21 pages.

#### **Making a Sales Room Pay**

A summary of experience of the Grand Rapids Show Case Company, Kardex Company, Evanston Cadillac Company, Addressograph Company, Curtis Lighting, Inc., American Multigraph, and others. It is shown how a sales and demonstration room can be an important cog in the sales machine and how it should be equipped and used so that it will be as efficient as the other departments in the sales organization. By a member of the Dartnell Editorial Staff. *Sales Management*, April 4, 1925, p. 525:3.

### **Benefit Systems and Incentives: Bonus Plans, Vacations, Clubs**

#### **How Pepsodent Gets Peace and Harmony in its Family**

In this company there is in operation a club composed of all department managers and their assistants, called the Pepsodent Managers' Club. The meetings are held outside of working hours, and convene

once a month. It is semi-social in character, but enough business is transacted to make it profitable and worth-while, with sufficient social attraction to insure attendance. An elaborate dinner is served in the restaurant of the Pepsodent Company at 6 o'clock. An outside speaker is



invited to each dinner, and addresses to the club have been made on such topics as sales management, chain-store operation, purchasing problems, avoidance of accidents, economic conditions, foreign trade, etc. One of the assistant managers also speaks on some phase of his department work. About 8 o'clock a regular business

meeting takes place in the directors' room.

As a result of the activity of this club there has grown a closer affiliation of all departments. A general feeling of good fellowship has been created among the members that prevents friction and lack of co-ordination. By R. E. Spline. *Printers' Ink*, April 9, 1925, p. 17:3½.

## Salesmen: Selection, Training, Compensation

### Four Successful Methods of Compensating Salesmen

There is no single plan of compensation that will work equally well for all types of salesmen or all types of business, but among the ideas which have been gaining ground the following elements may be summarized: a subsistence salary, based generally on personality, knowledge, sales accomplishment and probable future value to the company; a commission for sales above a set quota, such commission to be graded by the net profits to be realized; bonuses for unusually good performances, the bonus for reductions in selling price being of timely importance; penalties for slovenly performance; a money equivalent for all services the salesman renders. *Advertising and Selling Fortnightly*, March 25, 1925, p. 23:1½.

### Should a Salesman Be Petted or—?

A great many salesmen are their own worst enemies. Very often energy and brilliance of a high order will avail a salesman nothing against his own business deficiencies, moral aberrations, or economic turpitude. Some measure of outside guidance, something as a stabilizer, is necessary to the success of such a man. This need of a balance wheel exists as a permanent necessity in the case of many mature and experienced salesmen. In the case of a raw recruit the need for supervision and co-operation from higher up is still more imperative.

A point on which the green salesman must be lessoned is that it is vital to get his proposition to the authoritative buying source. On every count, close play between the salesman and his superior is of great value. To some degree, at least, the "paternal" atmosphere toward salesmen has its merits. By Norman Krichbaum. *Advertising and Selling Fortnightly*, April 22, 1925, p. 21:1¾.

### What the Branch Manager Must Know About His Salesmen

Probably the most effective way for a branch manager to check the work of his salesmen and also locate weak spots in the salesman's territory is to conduct a periodical review and check of the sales by customer for each salesman. Another excellent method is for the manager to check carefully the prices at which the various customers are being sold. A further means of judging the ability of a salesman is to keep a record of complaints by territories and to check these complaints against the salesmen responsible for each territory.

The branch manager himself must have a first-hand knowledge of the territories covered by each salesman, of the attitude of the trade toward the salesman, and of the salesman's personality and selling ability as shown by his work in his territory. He will thus be able to get the greatest results possible out of his branch office. By Richard Warren. *Printers' Ink Monthly*, April, 1925, p. 33:3¾.

## Salesmanship

### The Human Touch That Gets the Order

Perhaps the fear complex is the biggest handicap the average salesman has to overcome. In analyzing this complex it is found to produce "stiff salesmanship." A buyer may appear to be as inflexible as the Rock of Gibraltar, but he will relax if the human touch replaces the stereotyped. Even after the prospect is ninety-ninths sold there is always a pause—a period of self-debate. This period is a trying one for the salesman, even though he may feel reasonably sure of the order, and it is at this point that tenseness or nervous apprehension on his part is likely to influence the prospect to decide against the proposition, whereas a human touch would weigh heavily in the salesman's favor. By J. E. Greenslade. *Salesology*, March, 1925, p. 21:2¾.

### The Salesman Who Resorts to Tricky Selling

The salesman with a bagful of tricks exerts a demoralizing influence on the rest of the sales force. Particularly is this true where a young salesman is sent out with the so-called "star." The youngster watches the old-timer operate and instead of learning the principles that underlie good selling, he simply acquires, in a few weeks time, all the bad tricks and habits which the tricky salesman has perfected through years of practice. By H. J. Mountrey. *Advertising and Selling Fortnightly*, March 25, 1925, p. 17:1¼.

### Salesmen Who Sell Themselves Rather Than the Line

Sell the line. Don't sell yourself. Many a man is a good salesman but he loses his job because he forgets what he is hired to do. Many men are classed as "good mixers" because they have been working so hard selling themselves that they forgot to sell their goods. But the boss isn't forgetting about it, because the expense accounts come in and pay day comes around.

Sometimes the man who hires salesmen confuses the good mixer with the good order getter, but not for long. By A. H. Deute. *Printers' Ink*, March 26, 1925, p. 41:3½.

### How We Are Preparing the Ground for Future Advertising

The La Valliere Company of New Orleans built its business on a quality basis, and capitalized the French atmosphere of this city. It has enjoyed a profitable career without much advertising yet every move has been made with the idea of being able to advertise in the future without having to change any of the present plans or policies. By C. B. Dicks. *Sales Management*, April 4, 1925, p. 551:2.

### We Found the Way to Bigger Sales Through a Promotion Department

The O'Gara Coal Company of Chicago entered upon a merchandising campaign a few months ago with the object of selling "heat" instead of coal. Their efforts were designed to interest the steam coal user in the first place and secondly the needs of the retail dealer who sold to the general public. The first step in interesting the steam coal user was to offer him a service which would help him solve his combustion problems. To this end a combustion engineer was employed to write twelve brochures on problems that steam coal users have to contend with. These were sent to users of steam coal most of whom did not use this company's coal.

Turning to the retail coal dealer's angle of the business, the company started a little house organ called *The Heat Merchant*. This is designed to tell him how to run his own business, how to handle his coal yard, budget his expenses, and gives him a short but effective course in business administration.

Although salesmen are a necessary part of this business it was not until they had backed up their direct selling efforts with these indirect methods that sales jumped

to any extent. By F. A. Brazelton. *Sales Management*, April 4, 1925, p. 535:2.

### Van Camp's Answer to the "It Won't Sell in My Territory" Alibi

Two years of intensive work on the full line exploded the old superstition that distribution on a big line must be spotted. As the problem was studied it was found to be a matter of slow, careful education of their salesmen, their jobbers, and the retailers. It was pointed out how duplicate buying meant unnecessary investment, slow turnovers, added floor space, additional warehousing costs, greater freight charges, higher prices and lower discounts. In other words, Van Camp stopped begging their salesmen to "sell the full line," but tackled the problem from the customers' side of the fence, instead. By H. P. Yay. *Sales Management*, April 4, 1925, p. 519:2.

### Managing the Automobile Sales-Fleet

A few years ago only a few salesmen for the United States Gypsum Co. traveled in automobiles. Then the firm instituted

a policy of standardizing on automobiles in all territories except where towns were unusually distant from each other. The policy included the ownership and maintenance of the cars by the company. In comparison with railway mileage the cost per call has increased but the sales results per call have increased even more. There is at present a fleet of 130 cars. By H. A. Simons. *Cement, Mill and Quarry*, March, 1925, p. 15:4.

### How We Make Each Selling Hour Count

In describing the sales methods of the Fuller Brush Company one of the Branch Managers says that all their executive and managerial force has come up from the ranks. His doctrine is: Get out early in the morning and work hard all day. He even mentions evening selling insofar as it does not interfere with the next day's work. "Be persistently aggressive" is one of the slogans whose practice brings his force results. By T. O. Potter. *System*, April, 1925, p. 491:2.

## Survey of Books for Executives

### The Problem of Business Forecasting.

Edited by Warren M. Persons, William Trufant Foster, and Albert J. Hettinger, Jr. Houghton Mifflin, Boston, 1924. 311 pages. \$4.00.

Some years ago a committee of learned men got together and produced the work which has come down to us as the Bible. This symposium method of treating a broad subject has recently found favor again and its growing use attests its value.

The Problem of Business Forecasting published by the Pollak Foundation of Economic Research, furnishes an excellent example of the symposium method as applied to the exposition of a widely discussed phase of economic analysis and its interpretation.

The book is a rather excellent combination of the particular and the general. Thus the first chapter by Warren M. Persons affords an interesting survey of forecasting, treated from the historical standpoint, and the last two chapters deal with European problems and the method of business forecasting (through example) respectively. The other chapters treat of forecasting in specific fields, such as Agriculture, Building, Transportation, and Productive industries both manufacturing and extractive.

This leads us to a point which to the reviewer is at the same time the book's strongest and weakest feature, namely the interest in particular chapters. It is probable that except to the student of fore-

casting the whole book has but little interest to the general reader. But nearly everyone has some interest in at least one chapter since the subjects covered are sufficiently varied in character as to intrigue the interest of readers in widely different fields of activity.

For the reader who wishes to make comparison of forecasting in the fields of his particular interest with forecasting in other fields, this book should be of great value. Otherwise, however, its value is not so apparent.

In the chapter on Trade Cycles and Factory Production, Dr. Willford I. King draws some interesting conclusions as to the sequence of factors involved in the trade cycle (page 30); he also asks and partially answers some leading questions to this sequence (pages 31-34).

Dr. King would seem to suggest and the chart (on page 15) seems to indicate that retail trade is quite stable. For the larger stores, particularly those reporting to the Federal Reserve Banks, this is probably true. In the small retail establishments, however, individually at least, the trade is anything but stable. Year to year and month to month fluctuations are in many cases quite violent.

The book makes no effort to "sell" business forecasting, nor is forecasting advanced as a nostrum by which business ailments are to be cured. As Foster says in his introduction:

"The contributors to this volume, do not undertake to tell precisely how to forecast; they offer their several chapters as parts of the work that must go steadily forward if statistics and methods of interpreting statistics are to become progressively more reliable. As this work goes on, year after year, they urge business men to use the findings of professional forecasters, but to use them with skepticism and caution, and always in the light of their own judgment and experience."

JOHN S. KEIR, *Economist,*  
Dennison Manufacturing Co.

**Organization and Budgetary Control in Manufacturing.** By Thomas B. Fordham and Edward H. Tingley. Ronald Press, New York, 1924. 233 pages. \$3.50.

An elementary explanation of fundamental methods applicable to a large or small manufacturing enterprise as a means of attaining more profitable operation. It covers the development of an effective organization for carrying out a budget; the forecasting of the future of the business; the preparation and carrying out of a budget providing for a certain percentage of profit.

The book takes up in order, the reason for budgeting and organization; fundamentals of sound organization; study of organization of the plant, machinery, tools and equipment, materials, labor and production processes. The authors explain the necessity for systematically forecasting the future of the business for management and how it is done within practical limits. They show how the business is then controlled through budget and balance sheet, and how division heads and foremen use the budget.

The last chapter lists 300 ways losses may occur in business, and is perhaps the most practical chapter, for there one may put his finger on a definite phase of the work and check up any loss. It does not give any particularly new ideas.

The authors are Superintendent and Assistant to the Superintendent of the Delco-Light Company of Dayton, Ohio.

C. A. ALBERS, *Factory Controller,*  
White Motor Co.

**Management's Handbook.** By a staff of specialists. Ronald Press Company. New York, 1924. 1519 pages. \$7.50.

In spite of its number of pages, this handbook is compact and easily used, and should prove to be a comprehensive source to which the searcher for information regarding management may turn. The sections include material on the following



subjects: Tables and Statistics, Mathematics, Charts, Management Ratios, the Industrial Plant, Plant Layout, Office Management, Forms, Classification and Symbols, Purchasing and Storeskeeping, Tool Storage and Issue, Production Control of Quality, Material Handling, Operation Study and Rate Setting, Wage Payment and Timekeeping, Simplification and Standardization, Plant Maintenance, Conserving and Salvaging Materials, Packing for Shipment, Traffic and Shipping, Economic Principles, Organization of Ownership, Organization for Operation, Budgetary Control, Cost Accounting, Cost and Profit Variation Formulas, Banking Relations, Insurance, Market Analysis, Labor Maintenance and Information Filing System.

Among the "staff of specialists" who contributed these sections are: Wallace Clark, John Barnaby, Joseph W. Roe, Charles W. Lytle, Ray M. Hudson, C. B. Auel, Dexter S. Kimball, James O. McKinsey, James L. Palmer, E. S. Cowdrick.

A large number of charts, tables and other illustrations lighten the pages, and add greatly to the practical value of the book.

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**Managerial Accounting. Vol. I.** By James O. McKinsey, University of Chicago Press, Chicago, 1924. 655 pages. \$4.00.

The present volume is the first part of a discussion of the relation of accounting to management and how various uses of records and accounts may be of most value to the manager of a business organization; a second volume is promised by the author to be available within a year to cover certain aspects of the problem not treated in Vol. I.

The work is primarily a text book for the use of students in business administration and presupposes a general knowledge of the principles of accounting, which are referred to only as they apply to the problems of the manager.

Each chapter contains at the end a list

of questions and exercises in the form of case problems which are supposed to be based on the subject matter treated in the chapter, but which require for their intelligent solution business experience or business knowledge and more information than is included in the text, the purpose evidently being to stimulate thought and reasoning in the mind of the student which will be supplemented by discussion and solution under the guidance of the instructor.

There does not appear to be anything new or startling in the treatise, but it is rather a compilation of the practice, forms and methods already being used in many of the business organizations in the country, and as such may be of considerable value to executives in comparing their own methods with the possibility of finding some suggestions for advantageous changes or modifications.

It is not a book on accounting, although accounts of necessity enter into it to a considerable extent, and a better title to describe its treatment would be "Business Management" from the standpoint of an accountant—as it is suggested what methods of accounting would be of most value to an executive in carrying on his business, rather than what form of accounting the manager feels would be of most value to him in keeping in touch with all the lines of his business; it is however, interesting to view the situation from the angle of the accountant.

A considerable space is devoted to the organization of businesses as a whole and of the various departments of a business, the officials required with their functions and how different departments can most effectively cooperate one with another.

The officials, staff officers, assistants and committees suggested in the organization of a business leave nothing to the imagination, as every possible contingency is anticipated, but it is doubtless better to include unnecessary positions rather than omit some that might be useful and each executive can take his choice.



Administration reports are discussed at length with suggested forms to cover necessary information. Sales control, purchasing control, traffic control and production control are discussed in a very sane and business-like manner and indicate the customary practice in various classes of business which have come under the observation of the author.

On the whole the book is very well written, is comprehensive in its treatment, is complete in many of its details and the author displays a well balanced knowledge of the subject.

As a textbook it is undoubtedly of value to the student of business methods, and as a reference book for the manager it is worthy of a place in the office library, where it can be referred to as a guide in keeping his business up to date.

E. S. MANSFIELD,

*Supt. Operating Bureau—Accounts,  
Edison Electric Illuminating Co.*

**Recent Labor Progress.** By Roger W. Babson, Fleming H. Revell, New York, 1924. 336 pages. \$2.00.

Roger W. Babson's book "Recent Labor Progress" is a revelation to me. I read the book with intense interest and was particularly impressed with the reference to Secretary of Labor, James J. Davis' career.

My impression of the Secretary reflected him as a typical Labor Organizer and I am pleased to have that impression changed. His views regarding labor and labor relations are broad and very tolerant indeed. The many quotations from his books and speeches indicate a very thorough and intimate study of labor conditions and point to remedies that are at once sound and sensible.

I heartily agree with the views expressed regarding the value and importance of conciliation. An ounce of prevention is worth many pounds of cure in this connection. Trouble nearly always starts with a misunderstanding. If the processes of conciliation can be applied before the misunderstandings result in

an open rupture there usually is very little difficulty in effecting an agreement.

I believe that labor as a whole is anxious to give dollar for dollar for value received. When a laborer produces in excess of what his employer pays him, he will naturally find some level. He can form some evaluation of his worth to the employer as well as the boss.

As stated under the heading of "Employment" too much attention is given to the discussion of settling labor difficulties and too little to the avoiding of labor misunderstandings. If the employer and the employee occupy the proper relation one to the other there will be no hesitancy on either side to speak frankly and freely regarding any policy or action that effects both.

Often labor conditions change and the busy executive is not aware of the change. If the employee felt free to go to his boss and draw attention to changing conditions misunderstandings would not be so frequent. The boss holding himself above and aloof from his workers is at once a barrier that forbodes trouble.

If the Golden Rule in business were applied in the strictest sense, labor difficulties would be far and few between.

We cannot be too careful in guarding the kind of immigrants to admit to our country. A certain quota of immigrants are a necessity to our labor needs and if desirable persons are admitted, they are an asset to our country.

I agree with the author, however, that we have a responsibility to those who come into our midst to make this their home. I think a system of registration is not only desirable, but necessary. If a foreign born does not intend to make this country his country then he ought to be sent back where he came from. A reasonable time is necessary for assimilation, but any one not interested in citizenship is not a desirable subject.

Provision for the rainy day and the declining years should form a part in every industrial program. Too often the employer is looked to to carry this bur-

den. It should be mutual. Why should an employer be expected to care for an aged employee if such employee never made any effort to contribute his share for such security?

The welfare of the children in industry is uppermost in the minds of most employers. Here again the Secretary of Labor is very definite in his views and broad in his outlook.

The many systems that look to better labor relations, wage systems, shop committees, profit sharing plans, stock selling propositions, all have a tendency to humanize and mutualize industry. In fact, all such plans are but the outgrowth of consideration and cooperation which is a typification of the Golden Rule.

Industrial peace is possible only as the methods of human consideration are practiced as they were lived and taught by the lowly Nazarene when he came to give us a sample of what our lives might be if we practice what the Holy Book teaches us.

MILTON D. GEHRIS,  
*Vice-President,*  
*John B. Stetson Co.*

**The Economy of Human Energy.** By Thomas Nixon Carver. Macmillan, New York, 1924. 281 pages. \$2.50.

This is a brief outline of the science of economics written by a man who has lived with and among a great many people. By substituting "human energy" for "wealth" in these discussions of some of the fundamentals of economics he has liberated his readers at the start from many of the prejudices and some of the confusion and irrelevant disputes which have grown up around the traditional approaches to this science. The book is distinguished by calm and clear reasoning based on common and familiar facts and made interesting and convincing by quantities of homely illustrations frequently seasoned with gentle touches of delightful irony. All but the seasoning can be recommended to children and retired capitalists. The

whole of the book will appeal to workers, whether they be capitalists, employees or domestic servants.

Beginning with a survey of the sources and natural trends of human energy, the author summarizes the influences which have tended toward its conservation. This is merely another way of describing the progress of civilization. There are four or five chapters beginning with the Economic Value of Moral Qualities and ending with the Cost of Immorality, which ought to be read by every tired business man and restless soap box agitators who have been telling themselves that they guess they will read up on sociology, psychology and some of those other new discoveries which everybody is talking about and nobody understands. These chapters are not hard to understand, but they knock the bottoms out of so many of the notions which so many people have held that some may find it necessary to read them several times before they can remember all that they have learned.

The book concludes with a plea for more encouragement and respect for the wise investor, whether he be a capitalist building a new factory or a wage-earner paying for a share of stock in the enterprise where he is employed. In either case he is buying productive goods which promise to make the future more abundant for himself, his neighbors and all of their descendants. Thrift and good management cannot by themselves alone release all available human energy for the benefit of the present or the future. Wise leadership in law, ethics and religion is an essential accompaniment.

Perhaps the nearly extraneous paragraphs which crop out in almost every chapter will be the parts which you will like best. These, no less than the soundness and sequences of reasoning and the breadth of implications which follow from the conclusions, can only be gotten from a reading of the whole book.

W. A. GRIFFIN, *Asst. Vice-President,*  
*American Telephone & Telegraph Co.*